

## Global Markets Research

### Fixed Income

#### Fixed Income Daily Market Snapshot

UST		
Tenure	Closing (%)	Chg (bps)
2-yr UST	1.92	2
5-yr UST	1.89	1
10-yr UST	2.13	-2
30-yr UST	2.61	-3

MGS		GII*		
Tenure	Closing (%)	Chg (bps)	Closing (%)	Chg (bps)
3-yr	3.37	-2	3.40	-2
5-yr	3.46	-4	3.57	-1
7-yr	3.63	-5	3.66	-4
10-yr	3.73	-4	3.78	-5
15-yr	4.02	-1	4.09	0
20-yr	4.20	-7	4.28	-1
30-yr	4.49	-1	4.59	0

\* Market indicative levels

MYR IRS Levels		
IRS	Closing (%)	Chg (bps)
1-yr	3.40	-2
3-yr	3.41	-1
5-yr	3.47	-1
7-yr	3.54	-1
10-yr	3.71	-2

Source : Bloomberg

#### Upcoming Government Bond Tender

Nil

#### US Treasuries

- US Treasuries saw mixed performances after the ECB pushed back its forward guidance, vowing to hold key interest rates unchanged at least through the first half of 2020. Benchmark 2Y and 5Y UST yields ended 1 and 2 bps higher respectively with the UST 2Y at 1.93%. The much-watched 10Y closing 2bps lower at 2.13% while German bund yield slipping to an all-time low. All eyes will be on tonight's US job report to further assess the US labour market. A still-solid labour market could lead the Fed to continue holding back from any rate cut while a poor reading would imply otherwise, meaning that a cut could come soonest in July if not in the upcoming 18-19 June meeting.

#### MGS/GII

- Trading momentum in local govies remained solid ahead of the mid-week holiday with secondary market volume rising to RM4.49b on Tuesday. Benchmark yields ended mostly 0-7bps lower. Interest remained in the off-the-run 19's as well as the benchmark 3Y, 15Y bonds. The benchmark 5Y MGS 4/23 closed another 4bps lower at 3.46% whilst the 10Y MGS 8/29 edged 4bps lower at 3.73%. GII bond trades rose to 32% of overall trades. Uncertain trade dispute outcomes continued to dominate the atmosphere with central banks tilting towards easing bias, most notably in India where the RBI cut its repo rate for the third time in a row yesterday.

#### Corp Bonds/Sukuk

- Corporate Bonds/Sukuk space saw secondary volume drop sharply lower ahead of the Hari Raya mid-week break with interest mainly in the GG-part of the curve. The Govt-guaranteed DANA 32-34's rallied 7-11bps between 4.11-17% levels compared to previous-done levels. Meanwhile the AAA-rated PLUS 29 closed unchanged at 4.20%. The AA-space saw the energy-related YTL Power 8/23 move 22bps lower at 4.35%. Expect market to remain quiet due to lesser staff-load this week.

## Daily Trades : Government Bond

Securities		Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)
MGS	10/19	3.146	315	3.152	03/06/19	-1
MGS	11/19	3.147	77	3.135	03/06/19	1
MGS	03/20	3.184	254	3.173	03/06/19	1
MGS	07/20	3.228	32	3.284	03/06/19	-6
MGS	10/20	3.244	82	3.231	03/06/19	1
MGS	07/21	3.352	162	3.333	03/06/19	2
MGS	09/21	3.367	1	3.335	03/06/19	3
MGS	11/21	3.378	336	3.376	03/06/19	0
MGS	03/22	3.374	303	3.39	03/06/19	-2
MGS	08/22	3.45	25	3.47	03/06/19	-2
MGS	09/22	3.488	61	3.472	03/06/19	2
MGS	03/23	3.465	13	3.502	03/06/19	-4
MGS	04/23	3.455	85	3.513	03/06/19	-6
MGS	08/23	3.489	20	3.546	03/06/19	-6
MGS	07/24	3.546	17	3.597	03/06/19	-5
MGS	09/24	3.578	56	3.6	03/06/19	-2
MGS	03/25	3.643	86	3.668	03/06/19	-3
MGS	09/25	3.684	29	3.72	03/06/19	-4
MGS	04/26	3.659	53	3.725	03/06/19	-7
MGS	07/26	3.632	125	3.635	03/06/19	0
MGS	11/26	3.669	121	3.738	03/06/19	-7
MGS	11/27	3.759	80	3.825	03/06/19	-7
MGS	06/28	3.775	7	3.806	03/06/19	-3
MGS	08/29	3.725	189	3.742	03/06/19	-2
MGS	04/30	3.883	36	3.889	03/06/19	-1
MGS	06/31	3.948	12	3.959	03/06/19	-1
MGS	04/33	4.029	21	4.091	03/06/19	-6
MGS	11/33	4.024	386	4.038	03/06/19	-1
MGS	05/35	4.228	1	4.191	03/06/19	4
MGS	04/37	4.2	1	4.242	03/06/19	-4
MGS	06/38	4.201	51	4.274	03/06/19	-7
MGS	03/46	4.518	0	4.557	03/06/19	-4
MGS	07/48	4.488	11	4.512	03/06/19	-2
GII	04/20	3.259	14	3.235	03/06/19	2
GII	04/20	3.222	10	3.28	17/05/19	-6
GII	06/20	3.231	150	3.28	17/05/19	-5
GII	08/20	3.246	190	3.295	03/06/19	-5
GII	03/21	3.347	72	3.385	31/05/19	-4
GII	03/22	3.404	206	3.427	03/06/19	-2
GII	07/22	3.445	40	3.484	03/06/19	-4
GII	07/23	3.565	10	3.595	03/06/19	-3
GII	11/23	3.51	205	3.585	03/06/19	-8
GII	08/24	3.58	30	3.639	03/06/19	-6
GII	10/24	3.572	74	3.576	03/06/19	0
GII	08/25	3.663	52	3.745	29/05/19	-8
GII	03/26	3.658	62	3.705	03/06/19	-5
GII	09/26	3.692	40	3.77	03/06/19	-8
GII	07/27	3.775	21	3.818	03/06/19	-4
GII	10/28	3.807	82	3.826	03/06/19	-2
GII	12/28	3.846	20	3.905	16/05/19	-6
GII	07/29	3.775	75	3.823	31/05/19	-5
GII	09/30	3.957	1	3.968	03/06/19	-1
GII	08/33	4.05	50	4.091	03/06/19	-4
GII	10/35	4.179	20	4.216	03/06/19	-4
GII	09/39	4.281	20	4.281	03/06/19	0
			<u>4490</u>			

## Daily Trades : Corp Bonds/ Sukuk

Securities		Rating	Closing YTM	Vol (RM mil)	Previous YTM	Previous Trade Date (dd/mm/yyyy)	Chg (bp)	Spread Against MGS*
Turus Pesawat Sdn Berhad	02/28	GG	4.008	40	4.030	15/05/2019	-2	28
DanaInfra Nasional Berhad	11/32	GG	4.108	20	4.219	13/05/2019	-11	9
DanaInfra Nasional Berhad	04/33	GG	4.141	30	4.329	23/04/2019	-19	13
DanaInfra Nasional Berhad	02/34	GG	4.170	10	4.239	03/04/2019	-7	16
Lembaga Pembiayaan Perumahan Sektor Awam	04/34	GG	4.179	60	4.209	31/05/2019	-3	17
Lembaga Pembiayaan Perumahan Sektor Awam	04/39	GG	4.329	30	4.409	28/05/2019	-8	11
GB Services Berhad	11/19	AAA	3.745	10	3.885	10/05/2019	-14	53
Projek Lebuhraya Usahasama Berhad	01/29	AAA	4.200	5	4.204	30/05/2019	0	49
Sabah Development Bank Berhad	05/22	AA1	4.494	2	4.606	06/05/2019	-11	113
YTL Power International Berhad	08/23	AA1	4.349	10	4.570	01/03/2019	-22	89
First Abu Dhabi Bank PJSC	12/27	AA1	4.229	6	4.270	13/05/2019	-4	50
Bumitama Agri Ltd	08/19	AA3	3.833	8	4.174	22/04/2019	-34	62
Segi Astana Sdn Berhad	01/23	AA-	5.029	1	5.227	06/06/2018	-20	157
Special Power Vehicle Berhad	05/20	A1	3.882	4	4.448	15/02/2019	-57	67
CIMB Group Holdings Berhad	05/16	A1	4.223	1	4.431	23/05/2019	-21	1
DRB-Hicom Berhad	12/14	A-	4.690	10	7.431	27/09/2018	-274	48
DRB-Hicom Berhad	12/14	A-	4.983	8	0.000	00/01/1900	498	77
				<u>254</u>				

\*spread against nearest indicative tenured MGS (Source : BPA)

### Market/Corporate News: What's Brewing

**Malaysia is poised to become the preferred location for international companies looking to expand their semiconductor businesses, especially in the wafer fabrication (fab) industry.** IGSS Ventures founder and group chief executive officer Raj Kumar said the country has a "multinational companies appeal" that is attractive to international businesses looking to carve a foothold here. "By this, I mean factors like ready access to a pool of highly skilled manpower for research and development, English-speaking population, business-friendly laws, well-developed infrastructure including excellent transportation connectivity, and integrated telecommunication systems," he told Bernama. IGSS Ventures is a technology holding company focused on developing and commercialising mainstream and niche semiconductor technologies. He said for wafer fabrication, the industry needed a cleanroom, a critical component in the production of wafer fab, which requires 100 times purity. "In fact, only Singapore and Malaysia currently have wafer fab infrastructure and capabilities in Southeast Asia," said Raj, who has been involved in the industry for about 30 years. Malaysia is growing to be a part of what Raj considers as an elite club of six nations in the world that offers attractive semiconductor ecosystem - from a cost and infrastructure perspective. Backed by growing know-how to effectively support a semiconductor industry, the nation had the potential to play a bigger role in the semiconductor industry than it does today, especially in specific capabilities and sectors with multiple advantages that can be better optimised and commercialised, he said. (Source: Starbiz)

**FTSE Russell and Bursa Malaysia Bhd announced today there will be no changes to the constituents of the FTSE Bursa Malaysia (FBM) KLCI following the semi-annual review of the FBM Index Series today.** In a statement today, global index provider FTSE Russell and stock exchange operator and regulator Bursa Malaysia said the FBM KLCI's reserve list comprises Westports Holdings Bhd, Fraser & Neave Holdings Bhd, YTL Corp Bhd, QL Resources Bhd and Telekom Malaysia Bhd. "The FBM KLCI reserve list, comprising the five highest ranking non-constituents of the index by market capitalisation, will be used in the event that one or more constituents are deleted from the FBM KLCI in accordance with the index ground rules during the period up to the next semi-annual review," FTSE Russell and Bursa Malaysia said. FTSE Russell and Bursa Malaysia, however, announced changes to the FBM Mid 70 and Hijrah Shariah indices. In the FBM Mid 70 Index, FTSE Russell and Bursa Malaysia said the new additions are Guan Chong Bhd, Frontken Corp Bhd, Muhibbah Engineering (M) Bhd and Pentamaster Corp Bhd. As a result, UOA Development Bhd, Eco World Development Group Bhd, Unisem (M) Bhd and Boustead Plantations Bhd will be deleted from the FBM Mid 70 Index, according to FTSE Russell and Bursa Malaysia. For the FBM Hijrah Shariah Index, new additions are Top Glove Corp Bhd and Yinson Holdings Bhd, FTSE Russell and Bursa Malaysia said. As a result, Dialog Group Bhd and Sime Darby Property Bhd will be deleted from the FBM Hijrah Shariah Index. "All constituent changes take effect at the start of business on Monday 24 June 2019 and the next review will take place in December 2019. FTSE Group and Bursa Malaysia have partnered since 2006 to provide a suite of indexes for the Malaysian market," FTSE Russell and Bursa Malaysia said. (Source: The EdgeMarkets)

Rating Action			
Issuer	PDS Description	Rating/Outlook	Action
Nil			

Source: RAM, MARC

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